

Message Text

LIMITED OFFICIAL USE

PAGE 01 BUDAPE 03498 181319Z

43

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CIAE-00 INR-10 NSAE-00 RSC-01

L-03 SIL-01 DRC-01 LAB-06 /059 W
----- 010734

R 181227Z OCT 73

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 0370

USDOC WASHDC

INFO ANEMBASSY BELGRADE 1212

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY VIENNA

LIMITED OFFICIAL USE BUDAPEST 3498

E.O. 11652: N/A

TAGS: BEXP, U

SUBJECT: EVALUATION OF AAMA VISIT TO BUDAPEST

VIENNA FOR E/W TRADE CENTER

BEGIN SUMMARY. VISIT BY AMERICAN APPAREL MANUFACTUREGC
TRADE MISSION TO BUDAPEST RECEIVED WITH INTEREST BY
HUNGARIAN INDUSTRY. BOTH GROUP'S EXHIBIT AND AMBASSADOR'S
RECEPTION FOR MISSION WELL ATTENDED BY REPRESENTATIVE OF
HUNGARIAN MINISTRIES, FOREIGN TRADING COMPANIES, WHOLESALERS,
RETAILERS
AND PRESS. CONSENSUS OF THE
HUNGARIANS AND
MISSION MEMBERS THAT WHILE THERE ARE PROSPECTS FOR SALES
EDIRECTLY FROM U.S. BEFORE MFN GRANTED, FOLLOWING MFN
MODERATE SALES POSSIBILITIES IN HUNGARY WILL EXIST. IN
ADDITION THERE APPEAR TO BE POSSIBILITIES FOR COOPERA-
TIVE VENTURES WITH HUNGARIAN COMPANIES AND SALES OPPOR-

TUNITIES FOR U.S. FIRMS USING FACTORIES OUTSIDE THE U.S.,
WHICH MIGHT BE REALIZED PRIOR TO MFN. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BUDAPE 03498 181319Z

2. AAMA OCTOBER 9-12 VISIT TO BUDAPEST WAS RECEIVED WITH CONSIDERABLE INTEREST BY HUNGARIAN INDUSTRY. GROUP'S EXHIBIT OF 1974 LINAB WAS VISITED BY OVER 100 HUNGARIANS INCLUDING DIRECTORS OF KONSUMEX AND HUNGAROTEX, FOREIGN AND INTERNAL TRADE MINISTRZ OFFICIALS, TOP MANAGEMENT OF ALL NAJOR HUNGARIAN WHOLESALERS AND RETAILERS AND REPRESENTATIVES OF INDUSTRY PRESS. MINISTRY OF INTERNAL TRADE OFFICIALS, NOTING OVER 100 PERCENT RISE IN CONSUMER IMPORTS DURING LAST 5 YEARS AND FACT THAT ALMOST 50 PERCENT OF THESE OF WESTERN ORIGIN, WELCOMED U.S. ATTEMPT TO CAPTURE A SHARE OF THESE SALES IN FUTURE AND PREDICTED THAT IF WEST EUROPEAN PRICE COMPETITION COULD BE MET THERE WOULD BE POSSIBILITIES FOR SIGNIFICANT SALES OF U.S. MANUFACTURES CONSUMER GOODS IN HUNGARY. KONSUMEX VOICED INTEREST IN PURCHASES OF LOW COST SHIRTS (UNDER \$3.50) AND JERSEYS MADE OF SYNTHETIC MATERIALS, SAME CASUAL AND WESTERN WEAR, AND ITEMS SUCH AS ARTIFICIAL FURS AND RAINCOAT MATERIAL WHICH NOT BROUGHT BY MISSION MEMBERS, BUT STRESSED THAT ALL SUCH IMPORTS WOULD HAVE TO AWAIT MFN. LIKEWISE, IF MFN GRANTED THERE ALSO APPEARS TO BE POSSIBILITY FOR MODERATE SALES OF CERTAIN TEXTILES WHICH WOULD BE MADE INTO READY WEAR HERE AND EXPORTED TO WEST EUROPEAN COUNTRIES.

3. PRESENT LACK OF MFN POSES A FORMIDABLE BARRIER TO SALES OF U.S. MANUFACTURES APPAREL AND TEXTILES IN HUNGARY AND BOTH MISSION MEMBERS AND HUNGARIAN AGREED THAT THERE WILL

BE NO MEANINGFUL SALES HERE UNTIL FAVORABLE RESOLUTION OF MFN QUESTION. IMMEDIATE SALES POSSIBILITIES EXIST ONLY FOR AMERICAN FIRMS WHOSE SHIPMENTS WOULD COME FROM FACTORIES OUTSIDE OF U.S. THOSE COMPANIES WITH PLANT IN DEVELOPING COUNTRIES SUCH AS BLUEBELL IN MALTA WERE OPTIMISTIC ON SHORT TERM PROSPECTS DUE TO PREFERENTIAL HUNGARIAN TARIFF TREATMENT FOR IMPORTS FROM THESE AREAS.

4. ALMOST ALL MISSION MEMBERS AGREED THAT THE THREE DAS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BUDAPE 03498 181319Z

VISIT TO BUDAPEST HAD BEEN A WORTHWHILE EXPERIENCE AND 9 OF 13 FIRMS REPRESENTED THOUGHT THAT THEY WOULD BE DOING SOME BUSINESS IN HUNGARY WITHIN THE NEXT TWO YEARS PROVIDED MFN FORTHCOMING. AT T P SAME TIME A NUMBER OF THOSE EXPECTING TO DO BUSINESS THOUGHT THAT EVEN WITH MFN THE COST OF U.S. LABOR AND LONG DISTANCESZSHIPMENT WOULD MAKE DIRECT SALES FROM U.S. PLANTS UNLIKELY. THEY EXPECTED INSTEAD TO SELL FROM PRODUCTION FACILITIES CLOSER TO HUNGARY AND PERHAPS

ENTER INTO SOME FORM OF COOPERATIVE ARRANGEMENT. THE MINORITY WHO DID NOT ANTICIPATE DOING BUSINESS IN HUNGARY CITED INABILITY TO MEE COST COMPETITION AND RELATIVELY UNFAVORABLE TERMS SUGGESTED BY HUNGARIANS FOR COOPERATIVE VENTURES IN COMPARISION TO WHAT MIGHT BE OBTAINED IN DEVELOPING NON-COMMUNIST COUNTRIES.

5. COMMENT -- IN EMBASSY'S OPINION MISSION SUCCESSFUL IN THAT IT GAVE MISSION MEMBERS CHANCE TO THOROUGHLY EXPLORE BUSINESS POSSIBILITIES IN AREA WHERE THERE HAS PREVIOUSLY BEEN NO INTEREST ON THE PART OF AMERICAN FIRMS. IF AMERICAN COMPANIES CONTINUE THEIR INTEREST IN HUNGARIAN MARKET MODERATE

SALES
WILL DOUBTLESSLY MATERIALIZE WHEN MFN DOES, AS HUNGARY PLANS SIZABLE INCREASES IN PURCHASES OF WESTERN GOODS FOR FUTURE. ON OTHER HAND PROSPECTS FOR SALES OF CONSUMER GOODS HERE UNTIL MFN GRANTED WILL NOT BE GOOD

AND EMBASSY REQUESTS THAT ANY FUTURE PLANNED MISSIONS IN CONSUMER GOODS AREA BE CLEARED WITH US IN ADVANCE UNTIL MFN PROBLEM RESOLVED.

6. THIS REPORT IS INTENDED AS A FINAL APPRASIAL OF TRADE MISSION'S BUDAPEST VISIT, HOWEVER WE WILL INFORM DEPARTMENT OF ANY SIGNIFICANT DEVELOPMENTS CONNECTED WITH VISIT AS THEY OCCUR. CLIPPINGS FROM HUNGARIAN PRESS COVERING VISIT WILL BE POUCHED.
PEDERSEN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MFN, TEXTILES, IMPORTS, EXPORTS, TRADE VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BUDAPE03498
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BUDAPEST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731025/aaaaasdk.tel
Line Count: 144
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 21 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21-Sep-2001 by thigpegh>; APPROVED <11-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EVALUATION OF AAMA VISIT TO BUDAPEST VIENNA FOR E/W TRADE CENTER
TAGS: BEXP, BU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005